

Orphan Drug Credit

► Attach to your tax return.

OMB No. 1545-1505

2005
Attachment
Sequence No. **103**

Identifying number

Part I Current Year Credit

1	Qualified clinical testing expenses paid or incurred during the tax year	1		
2	Current year credit. Multiply line 1 by 50% (.50) (see instructions)	2		
3	Pass-through orphan drug credits from an S corporation, partnership, estate, or trust	3		
4	Current year credit. Add lines 2 and 3	4		

Part II Allowable Credit (See **Who must file Form 3800** to find out if you complete Part II or file Form 3800.)

5	Regular tax before credits:			
	• Individuals. Enter the amount from Form 1040, line 44			
	• Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return			
	• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return			
6	Alternative minimum tax:			
	• Individuals. Enter the amount from Form 6251, line 35			
	• Corporations. Enter the amount from Form 4626, line 14			
	• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56			
7	Add lines 5 and 6			
8a	Foreign tax credit	8a		
b	Credits from Form 1040, lines 48 through 54	8b		
c	Possessions tax credit (Form 5735, line 17 or 27)	8c		
d	Nonconventional source fuel credit (Form 8907, line 23)	8d		
e	Other specified credits (see instructions)	8e		
f	Add lines 8a through 8e	8f		
9	Net income tax. Subtract line 8f from line 7. If zero, skip lines 10 through 13 and enter -0- on line 14	9		
10	Net regular tax. Subtract line 8f from line 5. If zero or less, enter -0-	10		
11	Enter 25% (.25) of the excess, if any, of line 10 over \$25,000 (see instructions)	11		
12	Tentative minimum tax (see instructions):			
	• Individuals. Enter the amount from Form 6251, line 33			
	• Corporations. Enter the amount from Form 4626, line 12			
	• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54			
13	Enter the greater of line 11 or line 12	13		
14	Subtract line 13 from line 9. If zero or less, enter -0-	14		
15	Credit allowed for the current year. Enter the smaller of line 4 or line 14 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 14 is smaller than line 4, see instructions	15		

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8820 to claim the orphan drug credit. The credit is 50% of qualified clinical testing expenses paid or incurred during the tax year. See section 45C and Regulations section 1.28-1 for details.

Who Must File

An individual, estate, trust, organization, or corporation that elects to claim an orphan drug credit, or any S corporation, partnership, estate, or trust that allocates the credit to its shareholders, partners, or beneficiaries must complete this form and attach it to its income tax return.

Definitions

Qualified clinical testing expenses. Generally, qualified clinical testing expenses are amounts paid or incurred by the taxpayer that would be described as qualified research expenses under section 41, with two modifications:

- In sections 41(b)(2) and (3), "clinical testing" is substituted for "qualified research" and